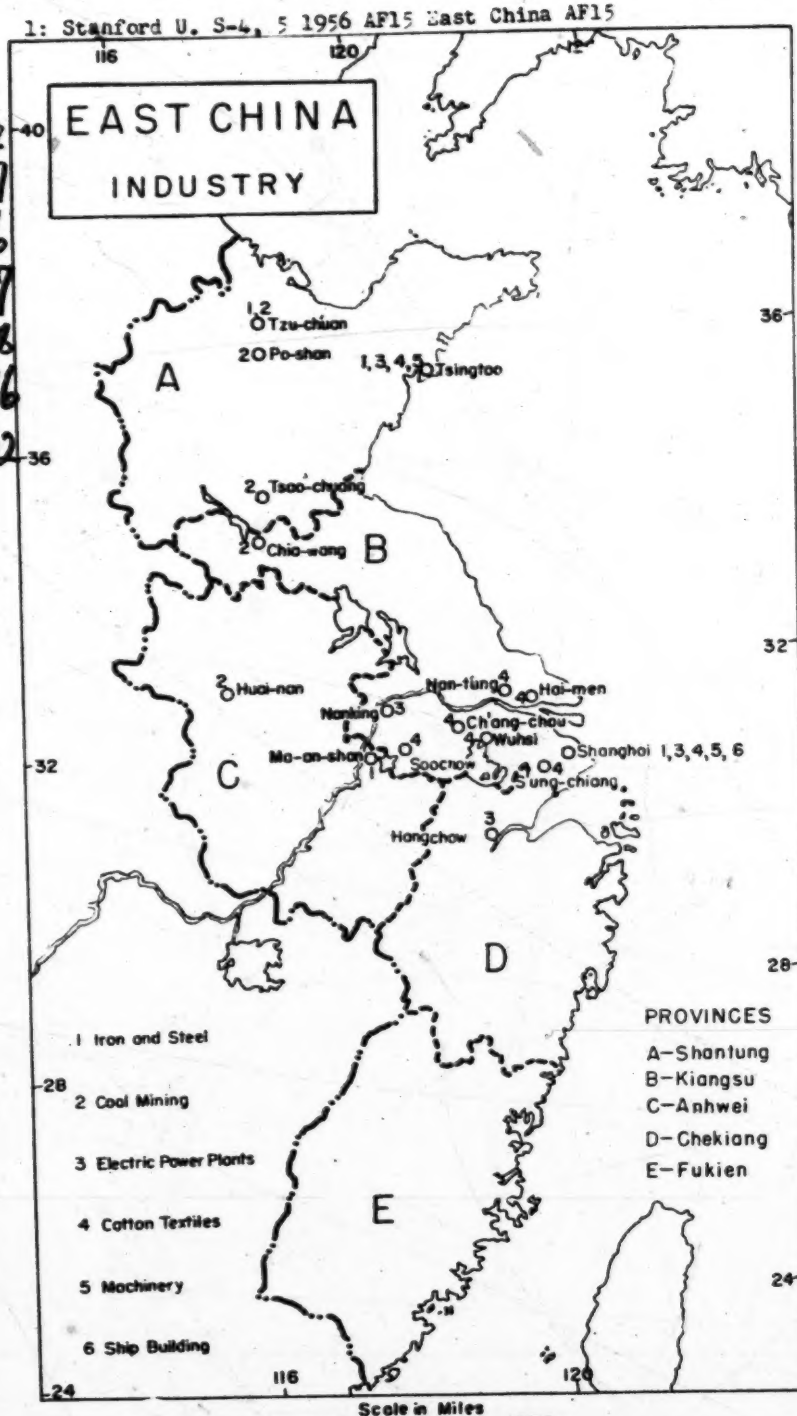
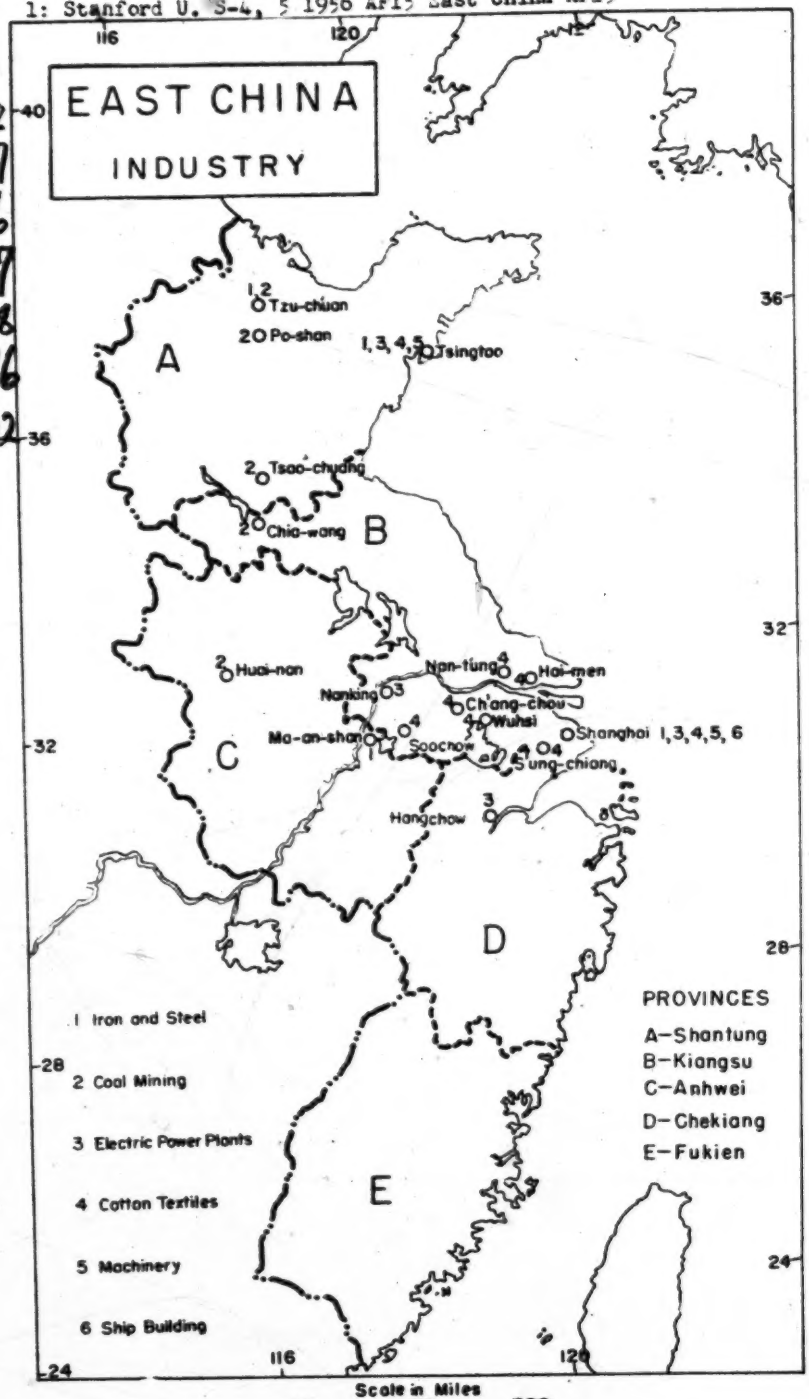
1: Stanford U. S-4, 5 1956 AF15 East China AF15



[Face p. 769(a)]

1: Stanford U. S-4, 5 1956 AF15 East China AF15



102
327
316
379
288
396
402

[Face p. 769(a)]

1:Stanford U. S-4, 5 1956 AF15 East China
AF15

377 carried out both to reduce foreign exchange outlay and as a countermeasure to the Nationalist blockade. However, this development has led to even greater dependence on coal which, as we have seen, is by no means easily available in East China.

C. Iron and Steel

●327 433 As for the iron and steel industry in this region, two large blast furnaces were installed by the Japanese at Tsingtao in Shantung Province during 1943 and 1944. These had an estimated annual capacity of 110,000 tons of pig iron.[21] At Ma-an-shan in Anhwei Province the Japanese also planned to erect 20 small blast furnaces with an estimated capacity of about 73,000 tons.[22] Two small blast furnaces with an estimated capacity of 16,000 tons a year were also reported in operation during World War II.[23] Recent information has been lacking in detail, although it is known that the Ma-an-shan plant is being expanded under the Five-Year Plan and that pig iron shipments from Ma-an-shan to Shanghai have been in progress.

---

21. Foreign Minerals Survey, Washington, D.C., Department of Interior, Jan. 1948.
22. Ibid., Vol. II, No. 7, pp. 35.
23. Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China
~~AF15~~ AF16

327 There are two principal steel works in
433 East China, the Shanghai Iron and Steel Works and the Hsin-ho Iron and Steel Works, both located in Shanghai. The former is equipped with two 10-ton open-hearth furnaces and has an annual capacity of about 12,400 tons of ingots and 50,000 tons of rolled steel products. The Hsin-ho works is equipped with two 10-ton open-hearth furnaces and has an annual capacity of 16,500 tons of ingots, 30,000 tons of rolled steel, and 20,000 tons of steel wire.[24]

All in all, however, the iron and steel industry of East China is relatively little developed. This situation is understandable in view of the lack of iron and coal resources in the region.

D. Cotton Textiles

288 Contrary to its backwardness in the
433 production of iron and steel, East China is the most highly developed area in China for the manufacture of consumer products, as we have indicated. In particular, the cotton

24. Chung-kuo Kung-yeh [China's Industry], Peking, April 20, 1950, Vol. I, N . 12, pp. 21-22.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

all the factory-made cigarettes in China were produced in Shanghai from 1925 to 1935.[18] The Shanghai cigarette factories drew about half of their tobacco from Shantung, 20 per cent from Anhwei, and 20 per cent from Honan.[19] The remaining 10 per cent was imported, mainly from the United States, but the amount imported continued to decline as domestic production of foreign-style leaf increased, and by 1935 it was about half what it had been in 1925, the overall average for the period 1925–1935 being 10 per cent. The magnetism of the Shanghai market gave it a commanding position in spite of its distance from the leaf-producing areas.

Shanghai industries using large amounts of metal, and the rubber goods industry, were the farthest removed from their sources of raw materials. Virtually all of the steel, ferro-alloys, and non-ferrous metals (with the exceptions of antimony and tungsten) were imported. Until the recent subsidized development program of the Communist Government, large-scale modern production had not been profitable in China proper for either iron or steel, with the exception of three plants which produced mainly from local scrap and which served a local market.[20] These three plants were in Shanghai, and were therefore by definition market-oriented. Two plants in Pootung were established in 1918. One produced steel from local scrap in two open-hearth furnaces of 30 and 70 tons capacity respectively, and the other probably produced no steel (since its "blast furnaces" were of only 12 and 33 tons capacity respectively), but poured iron castings.[21] Both plants worked only sporadically until 1934, when they were shut down. They were reopened by the Japanese in 1938, presumably on a military, and therefore a non-paying basis.[22] (Iron and steel were made for a few years during the war in Chungking, but on a small and uneconomic basis.)

The third plant was the steel-casting unit of the Kiangnan Arsenal, which operated two 15-ton electric furnaces to produce regular plate, high-speed, and armour steel for its shipyards and munitions works, using entirely local scrap. It was dismantled in 1932.[23] Other engineering and metal-working plants in Shanghai had small iron- and steel-casting furnaces of a few tons' capacity, but such small furnaces are necessary in any modern industrial complex for re-working scrap. They do not add to existing stocks.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

The reason for the absence of a steel industry in China, or in Shanghai, was the inability of the industry to meet the price of foreign imports. China's total iron ore resources are not inconsiderable, but in the Yangtze basin, where most of the production attempts have been centered, the ore deposits are small and scattered so that their exploitation imposes high costs. Small deposits of coal are also found in scattered localities along the lower Yangtze, but the combined costs of mining and of transport to production centers were too high to permit economic iron or steel making.[24] In the case of Shanghai, not only did these factors operate despite its water connections with the ore and coal deposits along the Yangtze, but as a seaport it could not produce iron or steel from domestic or foreign ore at anything like the price of seaborne imports of foreign iron and steel. Fortunately its maritime connections enabled it to draw on foreign sources for iron and steel and to produce finished metal goods at a cost which still allowed them to compete in the China market with foreign imports of finished metal goods.

Among the large metal-using industries, the vehicle plants (aside from the shipyards of the Kiangnan Arsenal before 1932) imported almost all of their finished steel plates, wire, rods, tubing, and other semi-finished steel products, and most of their cast iron, directly, or indirectly as recastings from iron and steel scrap. The same was true of the plants producing machinery, with their large use of more highly-finished steel products and special steels.[25] The nine large-scale modern shipyards produced primarily river and small coastal craft, the largest ship built up to 1932 being of 11,000 net tons. The steel, production machinery, and most of the engines installed in these ships were imported, and yet it was still apparently possible for the yards to compete in the China market with European, Japanese, or American yards. In 1930 the nine yards turned out a total of 71 ships with a gross tonnage of 17,839, and an average tonnage of 240.[26] There were also about 30 smaller shipyards building Chinese-style wooden craft, from canal sampans to large coastal junks.[27]

Among the other metal-using industries, the food canning and can-producing plants in Shanghai imported all of their tin plate, primarily from the United States.[28] China has significant deposits